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                       UNITED STATES DISTRICT COURT
                      NORTHERN DISTRICT OF CALIFORNIA
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             BEFORE THE HONORABLE ELIZABETH D. LAPORTE, JUDGE
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      CATHERINE TREMBLAY,
                    Plaintiff,
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                                     No. C 07-6009 (EDL)
          v.
      CHEVRON STATIONS, INC.,
 8
                     Defendant. ) San Francisco, California
) Tuesday, May 6, 2008
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                                           (22 pages)
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                         TRANSCRIPT OF PROCEEDINGS
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      APPEARANCES:
13
     For Plaintiff:
                         Harris & Ruble
14
                              5455 WIlshire Boulevard
                              SUite 1800
                              Los Angeles, California 90036
15
                         BY: ALAN HARRIS
                              DAVID HARRIS
16
     For Defendant:
17
                              Jones Day
                              555 California Street
                              26th Floor
18
                              San Francisco, California 94104
                        BY: AARON L. AGENBROAD
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                              CATHERINE SUZANNE NASSER
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Tuesday, May 6, 2008

Defendant Chevron.

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(9:27 a.m.)

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DEPUTY CLERK: Calling 07-6009, Katherine Tremblay versus Chevron Stations.

> Counsel, please state your appearances for the record. MR. AGENBROAD: Aaron Agenbroad and Cathy Nasser for

THE COURT: Good morning.

MR. A. HARRIS: Alan Harris and David Harris for the plaintiff.

THE COURT: Good morning. Let me tell you, I'm a little concerned in this case that on the one hand, the showing under the two stage procedure is -- really only needs to be fairly minimal, but it does require some factual support showing that there's more than just the plaintiff that has the problem. And that's where I think, although it's, you know, certainly the norm that the plaintiff passes the threshold, I'm not sure that that threshold is met here.

And on the other hand, I suspect that it could be met, and relatively easily, because it seems to me maybe here even one or two more declarations or a little bit of discovery, not full-fledged discovery, could well provide enough. I mean, there might be -- there's, I think, two different theories that you have, although they can be joined together, as to why there was underpayment. You know, one being this split differential.

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As I understand it, if somebody works both day and night and the night pay is higher, then to the extent that there's overtime on top of that, that's got to be calculated. I mean that's the kind of thing that one could see it's done by computer. It's shown on at least one record of plaintiff. want to know whether it's shown on any of the other pay records she has there, which were -- the way they're Xeroxed, I can't even read them really and they're not explained very much. But they could be -- I mean, they could be explained, and nobody's really contesting at least one of them she's paid the wrong way on that, at least if you're right on the theory and right now I'm not making a determination on the merits. And if that was the practice -- you know, presumably, it would be odd in a big corporation if that wasn't a practice that applied to at least some other people, but you've given no evidence at all of that. And I look at the other cases and really every single case has at least two or three declarants. Sometimes it's cause -- you know, and often there's many, many more. The expert doesn't count as a declarant -- I mean, he's just opining on the evidence the plaintiff has. He's not talking about evidence involving other employees. So that's where I'm having a problem. The -- maybe

MR. A. HARRIS: Yes, your Honor. If we look, for example, at Exhibit 1 to Dr. Safire's declaration, it is the weekly in-station time sheet -- Dr. Safire's declaration is an exhibit to my declaration. They're all put together.

THE COURT: So you need to have both her pay stub and her time sheet to make this conclusion.

MR. A. HARRIS: If we look at this weekly in-station time sheet, your Honor, you'll see these are various employees who worked at this one store. And we can see Miss Tremblay is the third one down. And she did not work, for example, on Thursday, the fourth day, and that was worked alone by the person below her whose name I -- I can't really read from this, but it is apparent that when you're working the graveyard shift, per force, it is impossible for any employee to take an uninterrupted rest period.

THE COURT: Well, I want to -- let's just stop for a minute because I want to hear you and the other side on that because it seemed to me at least theoretically if you're working the graveyard shift, this is a gas station, and nobody comes by during your period that you could take an uninterrupted break. Unless legally that's not considered a break because you're certainly on-call.

MR. A. HARRIS: You're on-call the entire time. And from the -- obviously, from the point of view of the employer, you know, you say, well, the person's just standing there hour

1 after hour. But when you're looking at it from the point of view of the employee and the law, and although we're not 2 3 getting to the merits today, the employee has to have an uninterrupted rest break. And it --4 5 THE COURT: But is it uninterrupted or 6 Uninterruptible? In other words --7 MR. A. HARRIS: Uninterruptible. They have to be just go off on their own and not be interrupted. And under the 8 9 Chevron policy, they're not permitted to leave the station. 10 THE COURT: Where is the evidence of the policy? 11 That's another thing that all the other cases have, is policy. 12 Evidence of a policy. So -- I mean, the problem I have is you 13 are making assertions that I think you might be able to back up 14 sufficiently, it's a very minimal standard, with very little 15 more effort. But you haven't -- I mean, we've got one very 16 brief declaration from the plaintiff, which doesn't even include all the allegations, doesn't support all the 17 18 allegations in her complaint even, and nothing from any other worker or supervisor. Not even one other. And that -- I 19 20 haven't seen any cases with that slim a showing. 21 MR. A. HARRIS: I think the defense cases were 22 principally the cases where discovery had been pretty much 23 completed. 24 THE COURT: But some of them, it had just -- I mean, I 25 didn't stay discovery here, right? You could be doing

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discovery. And if I turn down this motion now, I would think
that would be without prejudice to doing a little bit of
discovery and coming back. In other words, I don't think it
takes very much, but I'm just not sure you've gotten that far.
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MR. A. HARRIS: I truly think that maybe the defendants will stipulate now on the record that the people working on the graveyard shift by themselves, you know, that there's more than one of them. Because obviously that's true and that --

THE COURT: I'm sure it's true. And I mean, this is, I have to say, on the defense side, this is what bothers me, is that I suspect that if I grant your motion, it's all a meaningless exercise really, that we'll be back in a couple of weeks and the plaintiffs will have made enough of a showing.

MR. AGENBROAD: I think, your Honor, there's a couple of things. One is the class he's seeking to certify at this point is much broader than just the people that work the night shift. If you look at his papers, what he specified was any employees whose overtime was underpaid due to Chevron's failure to compute properly the correct overtime rate, which include both his meal-period people as well as his shift-differential people.

THE COURT: I do think -- I mean, the class is probably too broadly defined. We've got to talk about geography. I think you're pretty much conceding it should be California, right?

MR. A. HARRIS: Yes, we would want to limit it to the employees to worked in California on the graveyard shift.

Because only they would have the shift differential issue and only they are the individuals who were working without benefit of an uninterrupted rest break.

THE COURT: Now, would you want it so it's who worked on the graveyard shift, at least in part, including those who also worked on other shifts?

MR. A. HARRIS: Yes -- well, it's not necessary that they worked on other shifts, because they're in the group.

THE COURT: It's not necessary, but it's sufficient.

In other words, as long as they worked on the graveyard shift,
either exclusively or some of the time, that's what you're --

MR. A. HARRIS: Correct, yes.

THE COURT: And what about that?

MR. AGENBROAD: I still think -- I mean, this is getting into the merits a little bit, but certainly there's support out there for the proposition that if it's infeasible for the employee to take a meal period, and the example in the regs, at least, is an individual employee at an all-night convenience store, which is very analogous to the graveyard shift at a gas station, whether you even have that.

 $$\operatorname{\textsc{So}}\xspace$  — the shift differential also is a little bit different.

THE COURT: Did I follow you? Are you conceding that 1 2 if somebody is alone on a graveyard shift, there could be an 3 issue as to whether that complies with the overtime laws? 4 MR. AGENBROAD: I'm not conceding that, no. 5 THE COURT: Then I don't understand. I thought you 6 just said there was an example. Say that again. 7 MR. AGENBROAD: Absolutely. Plaintiff's theory is that anybody who worked a graveyard shift was improperly denied 8 9 a meal period. And again, this gets to the merits. This isn't 10 necessarily a certification piece. But there's support out 11 there for the proposition that if it's infeasible for the employee to take a meal period, you can have on-duty paid meal 12 13 period and not be in violation of the regs. 14 THE COURT: Okay. 15 MR. A. HARRIS: But there's no such authority for the 16 rest period, so when you're denied a rest period, you're 17 entitled to an additional hour of wages, and it's clear that all the people who worked alone on the graveyard shift were 18 denied their rest periods. 19 20 THE COURT: Stop for a second. So do you agree with 21 that? 22 MR. AGENBROAD: 23 THE COURT: It is a disputed issue, though I would go 24 ahead and conditionally certify it. 25 MR. AGENBROAD: It certainly is disputed. And I would

just agree with you as far as maybe we will end up back here, plaintiffs have had the opportunity to take whatever discovery you wanted. I do think you're exactly right that their showing at present isn't sufficient for the conditional certification, even the cases that they've relied upon, you know, Grace and Juravich, Thebes, Hoffman — every one of those had more than one affidavit, multiple affidavits, statistical evidence, more specific declarations.

Miss Tremblay's affidavit doesn't alleged anything about a common practice or any similarly-situated individuals. All she asserts is that she believes that, My individual claims are typical of the claims of the members of the class as a whole. And there's problems even with that.

THE COURT: It's extremely conclusory, but the thing
I'm frustrated by -- I'm, on the other hand, am not interested
in having a prolonged process where we keep doing this over and
over, and I really suspect on your side, I mean -- and I want
to know and I'm asking you, so you're not volunteering, but I'm
asking you -- is this the policy in California?

MR. AGENBROAD: The policy, that people that work the graveyard shift do not take meal periods?

THE COURT: Are not paid for rest periods or meal periods.

MR. AGENBROAD: They're paid for all hours worked including meal periods for people on graveyard shift.

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               THE COURT: What about the rest period?
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               MR. AGENBROAD: They have the opportunity to take a
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      rest period.
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               THE COURT: But they're not paid extra if they don't
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      take one.
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               MR. AGENBROAD: That's correct.
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               THE COURT: And that's where there's a dispute.
               MR. AGENBROAD: The rest period standard is a little
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      different. It's the authorized and permit. If they have the
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      opportunity to take the time the 10 minutes during their shift,
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      certainly the courts have already indicated that that's not a
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      provide standard but an authorized and permit standard. And
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      again we're careening into the merits here.
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               THE COURT: So I understand there's a dispute on the
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      merits, but is this the same throughout California?
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               MR. AGENBROAD: Yes.
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               THE COURT: And on the payment issue of the blended
      rate, you know, you say the plaintiff doesn't show whether this
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      could be some aberration or mistake or an isolated incident,
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      which seems very implausible, I mean, that there's some flaw in
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      the software or something like that that's used in payroll.
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      mean, I find it hard to believe. Is it an isolated incident or
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      is this the way it's calculated and you should be fighting
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      about the merits?
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MR. AGENBROAD: We're still investigating. As near as

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we can tell, any group that this would impact would actually be even narrower than graveyard people because it would only be graveyard people -- or individuals who worked both the graveyard shift and the daytime shift during the same week and were -- worked overtime during that week on the graveyard shift. If they worked during the daytime, they wouldn't be in, if they didn't work overtime, they wouldn't be in. It would only be that limited subset of people.

THE COURT: I think you would agree with that.

MR. A. HARRIS: I would agree with that, your Honor, and I think we send -- if we send the notice to those who worked than the graveyard shift, we will capture the subclass also of those who worked the shift differential issue, as the gentleman described. And so it is a -- I don't believe that all people who worked the graveyard shift necessarily suffered from that second violation. But it's a subclass and really something we will find out after they're given the opportunity to opt in. And so I think it's clear from our discussion this morning it's really undisputed that in California there is a policy that the employees are not provided an additional hour of pay for their missed rest periods. We don't get to the legal issue now.

THE COURT: Is that undisputed?

That's correct. MR. AGENBROAD:

THE COURT: Okay. And is it also undisputed that in

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      California, employees who work the graveyard shift and on top
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      of that also work daytime in the same week and have some
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      overtime are not paid a blended rate for overtime, the
      overtime's not calculated --
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               MR. AGENBROAD: They're paid a blended rate, certainly
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      in this one instance with Miss Tremblay it was not paid -- it
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      appears that it was not calculated correctly. As far as other
      individuals, the investigation's ongoing so we haven't polled
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      that yet.
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               THE COURT: You must know whether there's anyone
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      beside her who's been paid that improperly calculated blended
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      rate.
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               MR. AGENBROAD: I don't know that definitively.
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               THE COURT: How about her at different times?
               MR. AGENBROAD: I believe this is the only incident
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      with Miss Tremblay.
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               THE COURT: That's the only one you found?
               MR. A. HARRIS: That's the only one we found.
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               MR. AGENBROAD: She's a short-term employee.
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               THE COURT: I know. From a case management viewpoint,
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      I don't want to go through a series of motions to dismiss which
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      lead to a conditional certification and just delay and drag out
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      the case. You know, my feeling is you didn't cross the
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      threshold, but it's so easy to do so. You can probably do it
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      with a couple more -- a couple of, you know, one 30(b)(6)
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deposition maybe or some documents.

MR. A. HARRIS: I think we crossed the threshold this morning in our argument. In the last five minutes, the gentleman has conceded that in California the employees are not provided with an additional hour of pay when they miss their rest period.

THE COURT: I guess that probably does do the missed rest period issue, but I mean, we also have to -- I mean, doesn't that -- if there is a policy that applies, I think that's enough. Usually in cases it has to be established through, you know, declarations. But I think if it's undisputed...

MR. AGENBROAD: They're not paid an extra hour for missed meal periods.

THE COURT: So that would result in a conditional certification for people who, in California due to graveyard shift, we have to talk about dates and so on, but we ought to handle both of these things at the same time probably. Which is also -- I mean, if we're going to send out one notice, not two, we need to find out whether there is -- whether this was -- which seems highly unlikely, one employee, one-time mistake. It just -- I mean, it sort of boggles the mind that the computer is either programmed to calculate it one way or the other. Is it the only time she was in that situation where she hit the threshold and worked both day and night?

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               MR. A. HARRIS: Yes, your Honor.
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               THE COURT: It seems to me incredibly implausible
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      there wouldn't be at least some other people in that situation.
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               MR. AGENBROAD: We had requested a broader period of
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      discovery prior to reaching the conditional certification which
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      plaintiff's counsel opposed.
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               THE COURT: That's true.
               MR. AGENBROAD: So we're amenable to that and you
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      know.
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               THE COURT: I would like to have something done in the
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      next two or three weeks and then, you know, get a conditional
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      certification that addresses both of these issues out,
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      promptly. I mean, I know they were concerned about foot
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      dragging or the statute of limitations. Now you have yourself
      to blame to the extent though you didn't use the time to get
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      enough evidence.
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               MR. A. HARRIS: Well your Honor as a practical matter,
      the dollar consequence of these violations falls most heavily
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      with respect to the missed rest periods. The relief for the
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      class of people who worked for them with respect to the
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      missed -- the improperly calculated shift differential, the
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      dollar amount there is not that great.
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               THE COURT: But you may be on strong legal grounds.
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               MR. A. HARRIS: We may be on stronger legal grounds,
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that's true, but it seems to me if we craft the notice to say

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that we're certifying a class with respect to improperly
computed overtime rates and just leave it at that, we can go
forward today. In other words, I don't see why we have to kind
of go to the substantive issue on this subclass where there are
not huge dollar issues involved. It seems to me that it's kind
of obvious that we're going to have certification of the class
of the people who worked on the graveyard shift. So perhaps we
just craft the notice to say, to be general and say, this has
been certified with respect to improper computation of the
overtime rate. Then the defendant can go ahead and get the
names and addresses ready to get to Gilardi, which will take a
short period of time, and we can go ahead with the notice. And
then --
        THE COURT: Well, I mean, it is true that we are
talking about a class and a subclass, aren't we?
        MR. AGENBROAD: That would be true. I mean, much
narrower than anybody whose overtime was miscalculated.
Because again, and I think this morning --
        THE COURT: People who worked the graveyard.
        MR. AGENBROAD: The graveyard shift, correct.
         THE COURT: But if we said people who worked the
graveyard shift whose overtime was miscalculated, wouldn't that
be -- in California, and then we need to do the number of
years. Wouldn't that be the correct --
        MR. AGENBROAD: And I guess limiting it to the issues
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as far as both the meal period and then -- I mean the subclass for the shift differential, again, would only be those individuals who worked a graveyard shift and a day shift in the same week and were paid -- worked overtime on the graveyard shift.

THE COURT: Are you suggesting we go ahead and put both of those in the notice now, or do you want to continue to fight about it and have a 30(b)(6) deposition or something? a document request, which I would make you respond to very quickly, because I find it very hard to believe that with all this time, you don't know whether some of the other plaintiffs -- I find that difficult to believe and I think it's unlikely. You know, it just seems implausible.

To err is human, but we're talking about payroll records.

MR. AGENBROAD: I understand, and part of the issue is, a lot of this is performed by outside vendors so it's not something that Chevron directly controls. I think it's ADP that controlled the service.

THE COURT: If it were there --

MR. AGENBROAD: We'll see about that. I don't dispute the fact that we could probably resolve this quickly. I mean, we were the side that was looking to have that more detailed examination.

THE COURT: I want to get on to the other cases

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waiting, but I also want to not have you have to come back and back and hash these things out slowly. It seems to me maybe there is a way you can meet and confer and hash this out right now about a notice. I'm just not sure it's worth the expense to either side, you know, to sort of do further motion practice.

MR. AGENBROAD: I don't disagree with that. And even this morning before we started we got a chance to start working through our disputes on the notice itself. So I'd suggest an opportunity, limited timeframe so we don't slow things down, meet and confer, hash out what the subclass is, what the notice should look like. And if we can't resolve it, then --

THE COURT: What I'm going to suggest is you start that process right now, and maybe you can finish it by the time I hear these other few matters. If you can you can't at least narrow your disputes, and I may or may not give you a day or two, but I can give you some comments on some of the notice issue. I mean, sort of tentative rulings.

MR. A. HARRIS: The key one that we were talking about is, first of all, the defense wants to have the -- what I view is an interim comment: You may also be held liable for costs associated with this lawsuit.

THE COURT: If you look at -- Judge Wilkin had a case in which she addressed that, that I was reading unfortunately last night, and she basically said, You can have some language

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to that effect, but you have to spell out that it does not include attorney's fees, and it only includes really a very limited subset of costs. And something that was refined like that might pass muster.

MR. A. HARRIS: My problem with that, your Honor, is that in reality, as a practical matter, if we look at the substance of the matter, if the defendant wins the case, I'm going to pay the costs. And --

> THE COURT: You know, maybe if you make a --MR. A. HARRIS: I'd say that on the record.

THE COURT: Maybe there's some way, if you put a filing down or something like that, or it may be that it's -- I mean -- or it may be that -- I mean technically, they are liable. And I know in practice the plaintiff's attorney pays it. Now, I don't know if you went bankrupt or something, which I have no reason to think you would, they'd be taken off the hook. This is done all the time in the other cases. You all know what those orders say; I don't.

But I wouldn't be averse to saying as a practical matter this never happens -- well, not never, but it's highly unlikely because the plaintiff's attorney has filed a declaration with the Court that he will cover the costs. then you file that declaration. In other words, I agree that it could be misconstrued in a way that would be misleading, and my concern is not to mislead in favor of either party, to be

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completely truthful, but without being so lengthy that nobody will read it. Which is the other side.

Any other big dispute that you have?

MR. A. HARRIS: The other question was in the same paragraph where the defense wants to say: By joining the lawsuit, you designate the class representative as your agent to make decisions on your behalf concerning the litigation, the method and manner of conducting this litigation, the entering of an agreement with plaintiff's counsel concerning fees and costs, and all other matters pertaining to this lawsuit.

These decisions made and entered into by the representative plaintiff will be binding on you when you join this lawsuit. And the reality is that that's just not the way it works.

THE COURT: But that doesn't sound right to me, but that wasn't really briefed, but it sounds to me -- that's kind of an overstatement. For one thing, the class could be dissolved later. It's only conditional. I think it make clear it's conditional certification. And I think the Court has some input into what fees class counsel has and you've got duties of the class and so forth and so on. So that seems to be not quite accurate.

MR. A. HARRIS: We'll go out in the hall.

THE COURT: I'll let you even have our jury room, fancier than the hall. And you know, either -- if you're

MR. AGENBROAD: Yes.

CONNIE KUHL, RMR, CRR Official Reporter - U.S. District Court (415) 431-2020

(Adjourned)

MR. AGENBROAD: Thank you, your Honor.

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## CERTIFICATE OF REPORTER

I, Connie Kuhl, Official Reporter for the United States Court, Northern District of California, hereby certify that the foregoing proceedings in Case No. C 07-6009(EDL), Catherine Tremblay, et al. v. Chevron Stations, Inc., were reported by me, a certified shorthand reporter, and were thereafter transcribed under my direction into typewriting; that the foregoing is a true record of said proceedings as bound by me at the time of filing.

The validity of the reporter's certification of said transcript may be void upon disassembly and/or removal from the court file.

Connie Kuhl, RMR, CRR Friday, May 30, 2008